REMARKS on REVISIONS

New Claim 7

New claim 7 is identical to cancelled claim 6 except for two changes:

    1. In 7a, Applicant added the words, "an advertiser process for"

    2. In 7e, Applicant added the words, "a recipient process for"

Both changes were made simply for stylistic reasons to match the specification slightly more closely. The specification is divided into core processes: an advertiser process, a recipient process, and an inspection process. Applicant thought it would sound a little better to include the words "advertiser process," and "recipient process" even though this change is not material.

Cancelled Claim 6

The previous submission by Applicant cancelled claim 5 and submitted claim 6, and included the following discussion about the revisions in claim 6 over claim 5:

Paragraph (d)
I changed "making said offer accessible to recipients" to "presenting an interface to the public for enabling anyone to access and accept said offer,"

This change finds support on pages 17-22, 27, and 29-32 (and various other pages) of the specification. The specification describes many interfaces for presenting payment offers, such as a toll-free phone number, and all these interfaces are by implication open to the public.

Paragraph (e)
I changed, "determining acceptance of said offer by a recipient, said acceptance entailing attention to said message," to "registering acceptance of said offer by a user called a recipient, said acceptance entailing:

e1. registering the recipient's identity and,

e2. registering that the recipient has entered a request to be exposed to said specified message,"

The change is supported on pages 29-32 (and various other pages) of the specification.

Paragraph (g)

I added, "after registering said acceptance," to the beginning of paragraph g.

This change is minor and of no real significance.

Paragraph (i)

I changed, "on a positive..." to "only upon a positive..."

This change is minor and of no real significance.

Goldhaber et al. U.S. Patent No. 5,855,008 and Kohorn et al. U.S. Patent No. 5,508,731 were cited as prior art in the rejection of claims 4 and 5. Here I will discuss where this prior art does not teach or suggest what claim 6 teaches, examining each paragraph of claim 6 in turn.

Preamble

> "a method for using a computer to enable an advertiser to pay targeted recipients for their attention to a message, comprising:"

Goldhaber, but NOT Kohorn, teaches an invention with the object of paying recipients of ad messages for their attention, so Goldhaber DOES suggest what the preamble states.

Paragraph (a)

> "entering into the computer an offer that said recipients will be owed an amount of money if they pay attention to a specified ad message, and if they satisfy a set of at least one target audience characteristics,"

Under Goldhaber, an advertiser selects desired audience characteristics and submits them to an *Attention Brokerage* (Goldhaber's term). The brokerage then directs an ad message and payment to recipients who match those characteristics. Thus, Goldhaber DOES suggest the entering into a computer of an offer to pay for attention to a message.

Kohorn teaches an invention for boosting ratings of a TV or radio show using payments, including sweepstakes. Nowhere does Kohorn make a payment or prize offer contingent upon exposure to an ad message or audience characteristics. Therefore, Kohorn DOES NOT teach the entering into a computer of an offer to pay for attention to a message.

Paragraph (b)

"said characteristics stated as a set of offer conditions by said advertiser,"

The comments made about paragraph (a) apply to paragraph (b).

Paragraph (c)

"said amount of money being a specified expected value (EV),"

The invention of claim 6 uses a probabilistic micropayment method – expected value payment. A prime object of the invention – as reflected in its title – is to both pay and qualify recipients efficiently. This micropayment method is essential to this object.

Neither Goldhaber nor Kohorn teaches offering a payment in terms of a specified EV. Both Goldhaber and Kohorn are missing the EV payment process.

This difference is one of the crucial, useful novelties of the invention over the prior art.

Kohorn does teach a method for providing a sweepstakes. According to the Office Action of 05/21/2003 (see the last two sentences of Page 4), "It would have been obvious…to combine Goldhaber's payment for attention and Kohorn's awarding listeners and viewers and randomly determining winners within pre-determined parameters. One would be motivated to award large prize to randomly selected viewers rather than awarding all viewers with small prize since large prize would attract viewers or listeners to any program, as taught by Kohorn."

Indeed, using Kohorn, the recipient can be paid with a chance to win a prize, possibly a very large prize. But the recipient has no idea how much the chance is worth. *The chance to win a very large prize doesn't tell one anything really.* For example, if a person receives a sweepstakes piece from McDonald's with the chance to win $10,000,000, what is that piece worth?

Nowhere does Kohorn disclose offering EV payments.

An EV payment tells a recipient the cash value equivalent of a probabilistic payment offer, and therefore, is *very different* from a sweepstakes offer.

Sweepstakes hide their true expected value because those values are so low. The average sweepstakes chance in the U.S. is worth less than one cent.

By contrast, an EV payment explicitly tells the *value of the chance* to win a payoff – the payoff itself is not the key thing. For example, $1EV can mean a 1% chance to win $100 or a .001% chance to win $10,000.

Thus, an EV payment is meaningful and attractive to recipients *separate* from the payoff.

The important economic question for recipients of a probabilistic payment with a prize/payoff is not, *what is the value of the payoff?* It is, *what is the value of the chance to win the payoff?*

Kohorn simply teaches a sweepstakes advertising the chance to win a prize (payoff).

Kohorn does not teach the EV payment method that tells the value of the chance to win a prize.

Paragraph (d)

"presenting an interface to the public for enabling anyone to access and accept said offer,"

As paragraph (d) states, the invention of claim 6 enables anyone to accept an EV payment for exposure to an ad message. Payment offers and messages are directed at anyone potentially. In other words, the invention of claim 6 describes an open method.

Goldhaber does not teach an open method for directing ads and payments to recipients. The title of Goldhaber is *Attention Brokerage*. The brokerage *channels* ads and payments provided by advertisers only to those recipients who match the advertisers' criteria. The core of Goldhaber's invention is the entering of profile data by users and the *providing of advertising and payment to these users based upon referencing their profiles*:

- See Claim 1, the sole independent claim, col. 21 lines 25-39

- See Abstract, lines 9-11
- See the Description Section, col. 6, line 28 to col. 7 line 45 and col. 13 lines 37-41
- See Drawings 7 and 11A that show profile blocks as a key part of the system (also shown on front page of the patent).

By this ad/payment channeling process, Goldhaber achieves great efficiency, as stated in the specification in numerous places, for example, quoting from Goldhaber col. 5 lines 2- 10:

> "In contrast, technology provided in accordance with the present invention permits the design of ads that are virtually custom-fitted to consumer preferences, thus ensuring that the ad messages will be welcomed and attentively viewed by the consumer. This ability to finely target (and customize) ads based on the interests of particular individual consumers maximizes efficiency and benefits both the advertisers and the consumers."

So, Goldhaber achieves efficiency by severely limiting who accesses a given ad and receives a given payment. Thus, Goldhaber DOES NOT teach the presenting of an interface enabling anyone to access and accept a given payment offer for attention to a given ad message.

Kohorn does not teach a system for paying for attention to ad messages, therefore Kohorn also DOES NOT teach the presenting of an interface enabling anyone to access and accept an offer for payment for attention to an ad message.

Paragraph (e)

> "registering acceptance of said offer by a user called a recipient, said acceptance entailing:
> e1. registering the recipient's identity and,
> e2. registering that the recipient has entered a request to be exposed to said specified message,"

As stated in this paragraph, the invention of claim 6 enables anyone to *simply and easily* accept an offer of payment for attention. A user only has to request a specified message and provide his identity information. A user does *not* need to enter a profile in order to receive an EV payment.

By contrast, Goldhaber teaches a system that *requires* a user to enter a profile of himself in order to receive (accept) payment offers, as described in Goldhaber col. 6 line 28 through col. 7 line 14 (and many other sections):

> "In the system provided by the present invention, the link between the ad and the appropriate viewer is provided by reference to a data base of digitally stored electronic demographic profiles of potential viewers...
>
> The demographic profiles can be constructed through interest questionnaires that the consumer completes when subscribing to the service, and also through electronic tracking of his/her usage of the service (and other habits)...
>
> First, a consumer is asked to pro-actively describe him or herself. This forms a "base profile." Then the consumer's actions can be monitored in this example such that a representation of the consumer's actions are "overlaid" upon the self description."

Therefore, Goldhaber DOES NOT teach the simple process described in paragraph (e) of claim 6 for registering a recipient's acceptance of an offer of payment for attention to a message.

Kohorn does not teach a system for paying recipients for exposure to ad messages, therefore Kohorn does not teach the registering of the acceptance of a payment for attention offer.

Paragraph (f)

"said EV being paid via an EV payment bet including a Payoff,"

The comments made about paragraph (c) apply to paragraph (f).

Paragraph (g)

"after registering said acceptance, executing said EV payment bet for said recipient with the probability of said recipient winning set at EV/Payoff,"

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The comments made about paragraph (c) apply to paragraph (g).

Since Goldhaber and Kohorn do not teach the use of expect value payment; they do not teach executing an EV payment bet with the probability of the recipient winning set at EV/Payoff.

Paragraph (h)

> "if, and only if, said recipient wins said bet, passing the winning result to an inspection process for determining whether said recipient satisfies said offer conditions,"

This paragraph teaches an inspection process that provides an essential, useful object of the invention, which is to qualify (authenticate) recipients, as stated in the title of the invention, *Expected Value Methods and Systems for Paying and Qualifying*. Inspection of a recipient's target characteristics provides the useful and tangible result of ensuring advertisers that their money is directed as intended.

Goldhaber DOES NOT teach an inspection or authentication process. The profile data essential to Goldhaber are not inspected/authenticated/qualified.

Kohorn does not even employ desired audience characteristics and, therefore, Kohorn DOES NOT teach the inspection of a recipient's target characteristics. (Kohorn does teach verifying whether a sweepstakes game player has provided correct answers.)

Thus, both Goldhaber and Kohorn do not teach or suggest an inspection (authentication) process for verifying the targeting qualifications of recipients who are paid actual payment.

Paragraph (h) also provides for the further useful result of *efficient* qualification (authentication), of recipients due to the use of probabilistic selection of inspected recipients. That is, only recipients who win an EV payment bet are inspected. Probabilistic inspection is hyper-efficient compared to inspecting every recipient who has accepted an EV payment offer.

BOTH Goldhaber and Kohorn do not teach *efficient* inspection/qualification of recipients.

Paragraph (i)

> "based only upon a positive determination by said inspection process, notifying a payment process for providing the Payoff to said recipient,"

This paragraph teaches paying a recipient *actual* payment – the payoff – only if she passes a process that inspects whether she matches the desired audience characteristics set forth in the advertiser offer she accepted.

Thus, the object of the invention is fulfilled, as stated in the final "whereby" clause: *whereby an advertiser pays a specified amount of money only to qualified, targeted recipients in exchange for their attention to a specified message.*

BOTH Goldhaber and Kohorn do not teach providing payment based on passing such an inspection.

Illustration of Difference Between Claimed Invention and Goldhaber + Kohorn

Perhaps an example will clarify the difference between the claimed invention and Goldhaber + Kohorn. This example is not relied upon as an argument for reconsideration, but is provided only for illustration purposes.

Let us imagine an advertiser who wants to direct an ad about buying USPTO T-shirts to Patent Examiners employed by the USPTO.

Using Goldhaber, ad and payment recipients fill out a profile, which includes *occupation.*

Then, advertisers provide an ad to Goldhaber's system and ask Goldhaber's brokerage to direct the ad to users who stated in their profiles that they were *USPTO Patent Examiners.*

Then, using Kohorn, recipients are offered a sweepstakes with a payoff of, say, $500.

Here are problems with this approach:

1. An ad recipient has the burden of filling out a profile, which can include any number of descriptions of oneself, not only age, sex, occupation and income, typical demographic categories, but any number of pieces of data, such as the schools one attended, what insurance one has, what apartment, what mortgage, what car – anything of interest to advertisers. Few people are willing to fill out lots of information about themselves.

2. For an ad recipient, there is another problem. Using Kohorn, the recipient is paid with a chance to win a prize, possibly a large prize. But, the recipient has no idea how much the chance is worth. *As discussed, the chance to win a large prize tells little.*

3. For an advertiser, a critical flaw of Goldhaber + Kohorn is that the advertiser provides money to recipients but has no way of knowing if the recipients actually match what they have stated in their profile. *There is no assurance that a person who enters "USPTO Patent Examiner" into a profile is a Patent Examiner.*

By contrast:

1. The claimed invention enables an advertiser to set the conditions of a targeted recipient offer. For example, an advertiser can put on a patent website an offer to pay USPTO Patent Examiners $1 EV to read a message (for instance, the payoff might be $500, with a 1/500 chance of winning).

2. Recipients of payment see exactly what they are receiving in terms of cash value – a virtual payment of $1 EV that has a mathematically equivalent cash value of $1.

3. After recipients are exposed to the specified ad, the EV payment process randomly selects *provisional* winners of a payoff. Then an inspection/qualification process occurs so that if a winner claims a payoff, she is inspected to verify that she is a USPTO patent examiner. If she fails the inspection, she gets nothing. If she passes, she receives actual payment, the payoff. *Thus: an advertiser's money goes only to recipients who are authenticated to match the advertiser's target audience conditions.*

Thank you for your consideration to this communication and for your previous comments.

Sincerely,

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